

COUNCIL ACTION FORM

SUBJECT: WATER QUALITY GRANT APPLICATION – STATE REVOLVING FUND SPONSORED PROJECT

BACKGROUND:

The City of Ames has an opportunity to make stormwater improvements in the Squaw Creek and S. Skunk River watersheds to stabilize stream banks and restore stream functions.

As part of the grant application, staff has identified two stream restoration projects: Squaw Creek (6th Street to 13th Street – through Brookside Park) and S. Skunk River (SE 16th Street to East Lincoln Way). The Squaw Creek segment will be first priority for the funds, however, if there is a delay in this project, the funds would be used in the South Skunk River project.

Conceptually, the project will involve streambank stabilization and revegetation that will restore the natural functions of the stream. Design will be in accordance with the Iowa River Restoration Toolbox for Stream Restoration, which employs bioengineered methods and best management practices (BMP). This will be a unique demonstration for others who develop residential and commercial property within the city on how to achieve successful stream restoration with natural methods and practices.

The grant opportunity is through the State Revolving Fund (SRF) as a Water Resource Restoration Sponsored Project, which was created to fund water quality protection projects. This program has been implemented through the Clean Water State Revolving Fund (CWSRF), a loan program for construction of water quality facilities and practices.

On a typical CWSRF loan, a utility borrows the principal for a project from the state and repays both the principal and applicable interest and fees. In contrast, on a CWSRF loan with a sponsored project, **the utility (City) borrows for a wastewater improvement project and through a rebate equal to the amount of the required interest payments on the loan, funding is provided for the water quality (storm water) project.** Thus, the utility's ratepayers do not pay any more than they would have for just the wastewater improvements.

In this case, a loan from the CWSRF was granted for two Sanitary Sewer projects, the 2018/19 Sanitary Sewer Rehabilitation Siphon project and 2019-20 Sanitary Rehabilitation Drainage Area 10 Improvements project, with a total principle amount of \$3,336,093. According to this state program the City would be eligible to receive an amount equal to the interest payments, or in this case \$336,609, towards a water quality project

The staff intends to apply for this amount to help finance the Squaw Creek and Skunk River bank stabilization projects. Through the SRF Sponsored Project funding, this water quality project will be at no cost to the City and can be used as a demonstration for area developers and other local agencies to consider for stream and channel restoration.

ALTERNATIVES:

1. Authorize application for a Clean Water SRF Water Resource Restoration Sponsored Project and designate Municipal Engineer Tracy (Warner) Peterson as the authorized representative to sign the grant application.
2. Direct staff to make modifications to the project.

CITY MANAGER'S RECOMMENDED ACTION:

By supporting submission of this grant application, the City of Ames can be recognized as an innovative community within Iowa that is willing to restore streams using innovative methods that address soil erosion and water quality concerns in the community and statewide. If funded, this project will be a unique demonstration application of bioengineered water quality improvements in an urban setting.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.